The Province of Alberta

ECONOMIC DEVELOPMENT AND TRADE

Alberta

INTRODUCTION

- The Province of Alberta, Canada has a total area of 661,188 square kilometres, nearly three times the size of West Germany.
- Alberta is a land of diversity. From flat prairie, to rolling hills, to mountains; from near desert to excellent cropland and forested wilderness. The climate is continental, with an abundance of sunny weather and clean dry air.
- For all its size, Alberta has a population of only 2.4 million.
- More than half of the population lives in our two major centres, Edmonton, and Calgary, each with a metropolitan population of over 650,000. These cities have all the social and cultural amenities of urban living, yet you are never more than an hour's drive from the enjoyment of the countryside.
- Our province has an abundance of resources. Prime agricultural land, vast stands of marketable timber and extensive resources in coal, petroleum and natural gas.
- Alberta is committed to developing its economy by making full use of all of its advantages. It is committed to ensuring these advantages continue to operate for the long-term benefit of investors.
- Alberta's resources are being developed with an eye to the future — to build facilities, to provide necessary capital formation, and to maintain our rewarding quality of life.
- Taking advantage of all of their resources, Albertans today share in Canada's second highest provincial per capita income.
- The Alberta advantage. We measure it in quality and in bottom line results.

The Province of Alberta

A Brief Overview

GEOGRAPHY

The total area of Alberta is 661,188 square kilometres. The province is well-known as a significant producer of oil and gas, supplying markets in most of Canada and many parts of the United States. Alberta's daily production for 1986 was 205 thousand cubic metres of crude oil and 191.3 million cubic metres of natural gas.

The province consists of prairie rangeland in the south (best suited to ranching), grasslands in the middle region (grains) and forests and lakes in the north. The Rocky Mountains define the western border of Alberta and include the famous national parks of Banff and Jasper.

POPULATION

In 1905, the frontier territory of Alberta was established as a province of Canada. In its short history, Alberta has been dramatically transformed from a pioneer society to a modern, dynamic part of Canada.

This young province was built by people with a wide variety of backgrounds. Today, the province's 2.4 million population includes many ethnic groups: British, 44%; German, 11%; Ukrainian 6%; Scandinavian, 4%; French, 5%; and numerous others making up the remaining 18%. These groups have combined in a culture which encourages retention of ethnic heritage and culture. In spite of this diversity, the province enjoys a high degree of cohesion and stability.

GOVERNMENT

Canada's ten provinces and two territories are linked together by a federal system of government. Under this system, the central and provincial governments each have distinct areas of jurisdiction.

The provinces have significant areas of jurisdiction, including responsibility for health, education, social services, economic development, provincial taxation and the ownership of the natural resources within the provnce including lands, mines and minerals.

The Alberta Government, like the Federal Government, has inherited the traditions of British Parliamentary democracy. The Alberta Legislature consists of elected representatives (presently 83), and there is an appointed representative of the Queen, the Lieutenant-Governor. However, there is no upper house in the provincial government.

Although Members of the Legislative Assembly (MLAs) are individually elected, they all belong to political parties. Presently the Progressive Conservative Party has a majority of seats (61 of 83) in the Legislature. The Opposition consists of the New Democratic Party (16 seats), the Liberal Party (4 seats) and the Representative Party of Alberta (2 seats).

The Premier and his Cabinet Ministers are all elected MLAs and the Ministers must answer to the Legislature for their Departments' activities.

The Lieutenant-Governor is the Queen's representative in Alberta and is appointed by Canada's Governor General. Currently, Alberta's Lieutenant-Governor is the Honourable Helen Hunley.

SOCIAL POLICY

Over the years, Alberta's governments have shown leadership among Canadian provinces in many areas related to quality of life. In part, this is because the province has been fortunate to have the financial resources. But it also reflects a willingness to learn from the innovations of other countries. There are many examples. Alberta had the first hospitalization scheme in Canada; it was the first province to introduce extensive accommodation for senior citizens; and it has been a leader in environmental protection. A current example is urban light rapid transit. This is unique for North American metropolitan areas of the size of Edmonton (population 785,486) and Calgary (671,326).

ECONOMIC BASE

Individual initiative and private enterprise play a key role in the economic development of the province. Government policies, including the lowest taxation level in Canada, make Alberta an attractive place for business.

Over the years, the economy has been primarily based upon energy resources and agriculture, which remain essential industries. With less than 9 per cent of Canada's population, Alberta produces 11 per cent of total gross domestic product and 17 per cent of total Canadian agricultural output. Alberta-produced wheat is sold to forty countries, and the province is Canada's largest producer of oats, barley and rapeseed. It is also the largest producer of beef cattle in Canada, by a significant margin. With a wide range of other products, the province can justifiably claim to have one of the most productive agricultural economies in the world. Other important agricultural exports include malt, hides, semen and breeding stock.

Alberta has been accurately described as "Canada's energy province". About 67 per cent of Canada's proven reserves of conventional crude oil are found here. This figure does not take into account the immense reserves in the Alberta Oil Sands. Ultimate potential oil sands reserves are estimated to yield 307 billion barrels of oil. Modern technology has made extraction feasible from these sands, and developments involving billions of investment dollars are now underway or projected. This however is a long-term endeavour. Alberta also has 64 per cent of proven natural gas reserves in Canada, and some 64 per cent of total coal reserves. Tourism and forestry are two other industries that are playing an increasingly significant role in Alberta. Alberta has always been one of Canada's most popular tourist areas, with a wide variety of scenery, and the world famous national parks of Banff and Jasper in the Rocky Mountains. The forest products industry has grown considerably in recent years, but there is still considerable potential for further growth.

A new industrial base is developing in Alberta. The petrochemical industry is one of the most important examples, with construction completed on a world-scale ethylene plant, a polyvinyl chloride plant, an ethylene oxide/ethylene glycol plant and several polyethylene plants. Prospects are very good for expanded steel production, and for agricultural machinery industries and agricultural processing.

Service industries such as communications and data processing, petroleum consulting services, financial services, and agricultural technology are becoming progressively more important.

With this transformation taking place, the nature of Alberta exports is shifting. This not only includes the growth in exports of such items as petroleum industry services and livestock semen but also unique products such as all-terrain vehicles and prefabricated housing. There is also an expanding oil and gas field equipment industry which has developed to meet the needs of Alberta industry and is now exporting to a number of countries around the world.

ALBERTA HERITAGE SAVINGS TRUST FUND

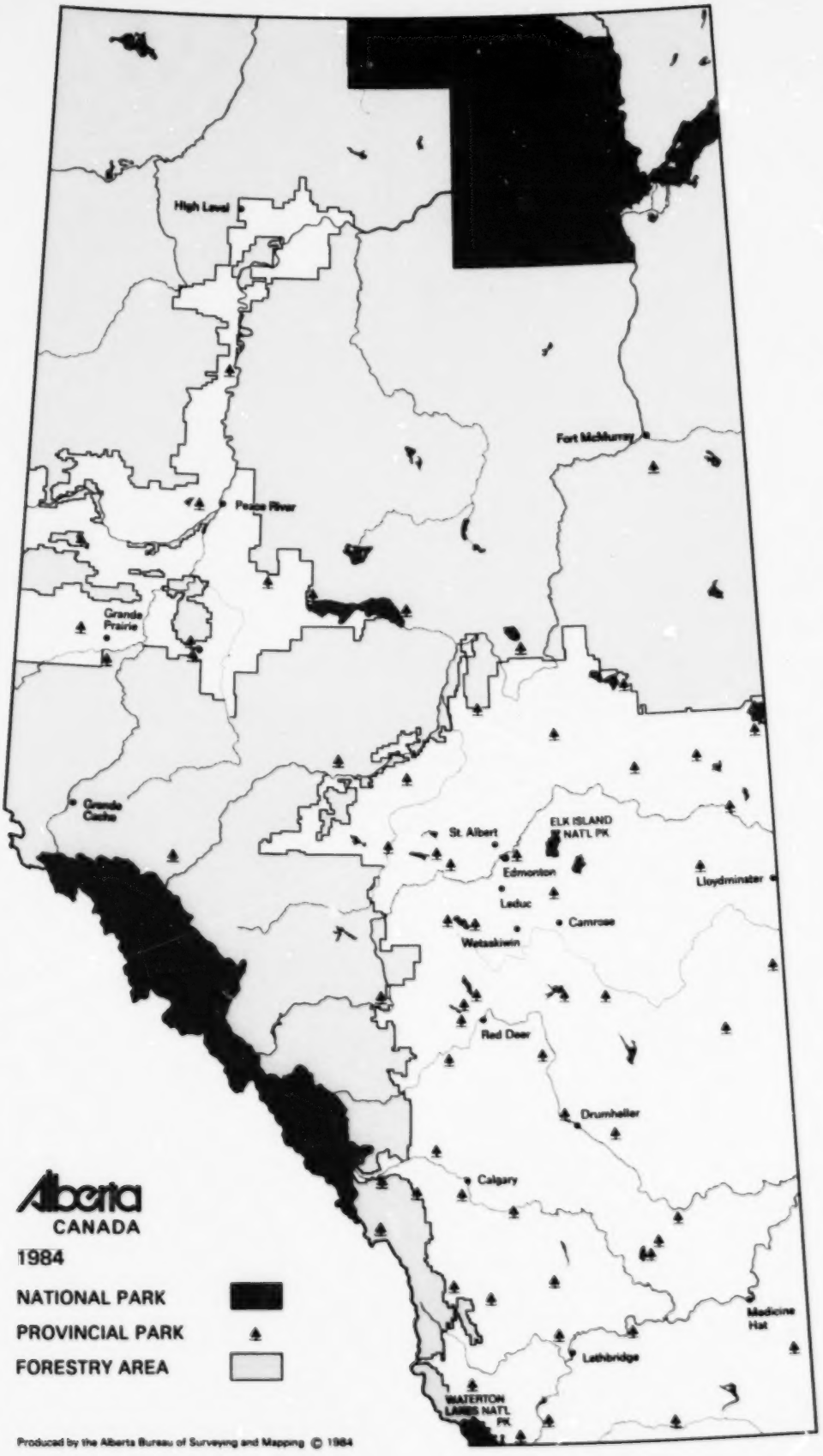
Following the world oil price increases of 1973, Alberta experienced a substantial and sudden increase in revenues which prompted the Alberta Government to establish through legislation the Alberta Heritage Savings Trust Fund in 1976.

The purpose of the fund is to set aside certain revenues (those accruing to the Government of Alberta from royalties collected on the production of crude oil and natural gas in the province and the proceeds from sales of Crown leases to firms exploring for, or producing oil and gas on Crown lands) in a trust fund separate from the general revenues of the Province.

The major goals and objectives of the Alberta Heritage Savings Trust Fund are:

1. To set aside monies in a trust fund for the use of future generations; that is ensuring that the flow of revenues from depleting non-renewable resources is available for the benefit of present and future generations.
2. To strengthen and diversify the economy of Alberta.
3. To enable the government to undertake projects which it would not otherwise be able to finance; projects which enhance the quality of life in Alberta, such as urban parks, specialized medical facilities, etc.

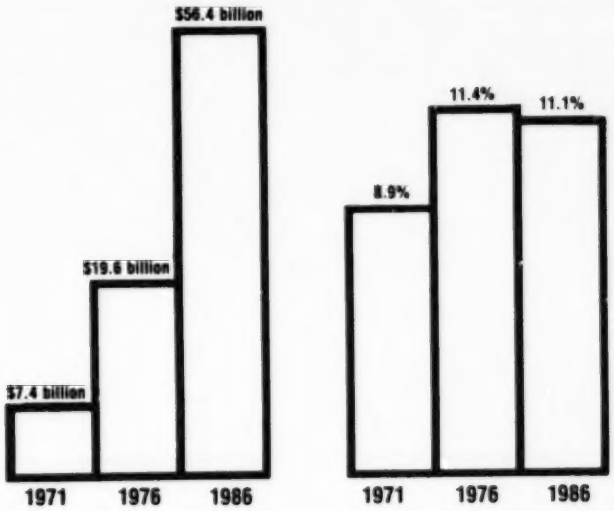
The total financial assets of the Heritage Fund was estimated to be $12.7 billion as of March 31, 1987.


High Level
Fort McMurray
Peace River
Grande Prairie
Grande Cache
St. Albert
ELK ISLAND NATL PK
Edmonton
Lloydminster
Leduc
Camrose
Wetaskiwin
Red Deer
Drumheller
Calgary
Medicine Hat
Lethbridge
WATERTON LAKES NATL PK
Alberta
CANADA
1984
NATIONAL PARK
PROVINCIAL PARK
FORESTRY AREA
Produced by the Alberta Bureau of Surveying and Mapping © 1984

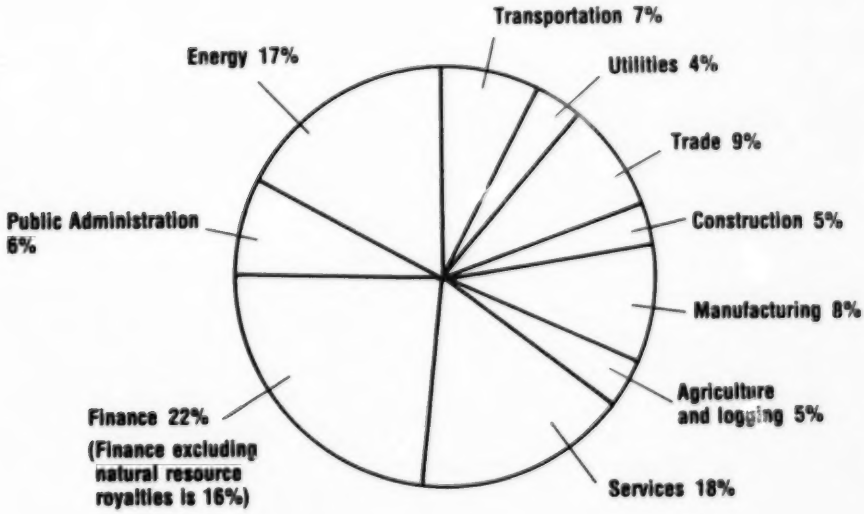
THE ECONOMY

- Spurred largely by the growth of resource related industries, Alberta's economic performance has, over the past years, been the strongest in Canada. Since 1971, the real Gross Domestic Product has increased at an average annual real growth rate of 5.4%, and stood at about $56.4 billion at year end 1986. At the same time, Alberta's share of the Canadian Gross Domestic Product rose from 8% to over 11% in 1986.
- The primary industries, oil and gas, mining, logging and agriculture, are major contributors to Alberta's GDP, with an estimated 21% share in 1986. However, the financial services, trade and manufacturing sectors are extremely important in Alberta, accounting for 57% of provincial GDP in 1986.

THE ECONOMY OF ALBERTA

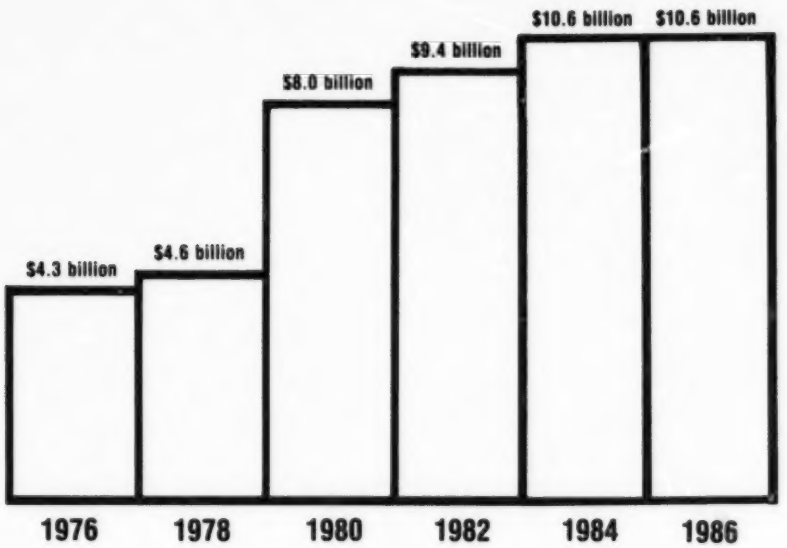


COMPOSITION OF GROSS DOMESTIC PRODUCT 1986



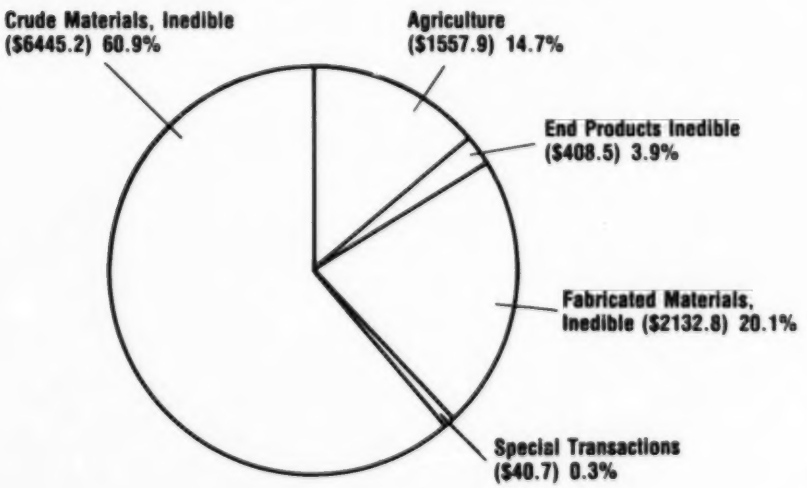
ALBERTA EXPORTS

(Current Canadian Dollars)



ALBERTA EXPORTS BY COMMODITY GROUP, 1986

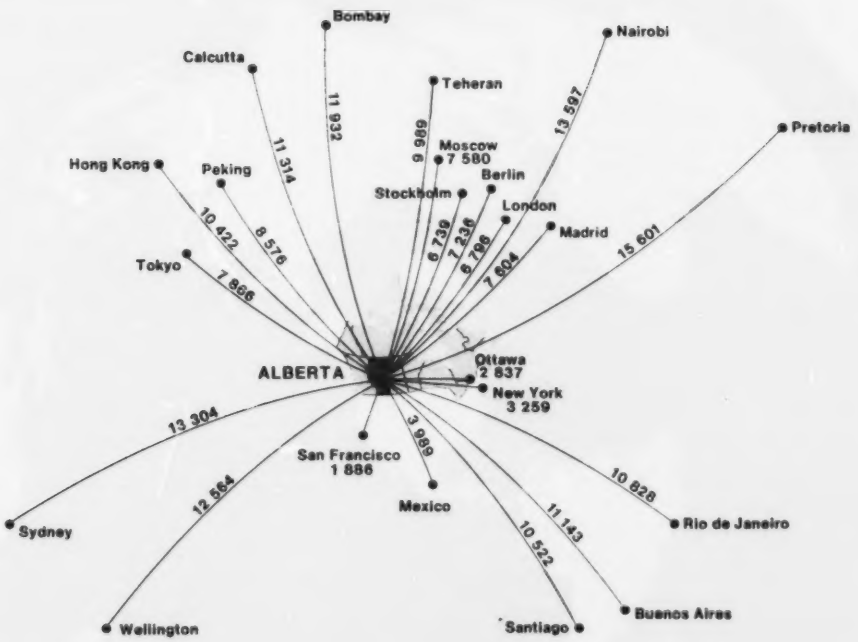
(Millions of Current Canadian Dollars)


Crude Materials, Inedible ($6445.2) 60.9%
Agriculture ($1557.9) 14.7%
End Products Inedible ($408.5) 3.9%
Fabricated Materials, Inedible ($2132.8) 20.1%
Special Transactions ($40.7) 0.3%

MARKETS

- Alberta benefits from its proximity to the United States. Within a few hours we can access this market of over 240 million people. We are closer to markets in California and the fast growing Pacific Rim, than are many of our competitors in central and eastern North America.
- In 1986 Alberta's exports to other countries reached $10.6 billion, more than double the value recorded in 1976.
- Nearly 72% of our exports go to the United States. In the past few years export markets for Alberta products have diversified. Several other countries are gaining importance as trading partners. Exports to South Korea, West Germany, and Brazil are growing at a very rapid rate.
- Alberta's population is approximately 2.4 million, with more than half the population living in the major cities of Edmonton and Calgary.
- In 1985, the per capita gross domestic product was about $26,575 higher than the average in Canada and the United States.
- Alberta has one of the most advantageous personal and corporate tax structures in Canada.

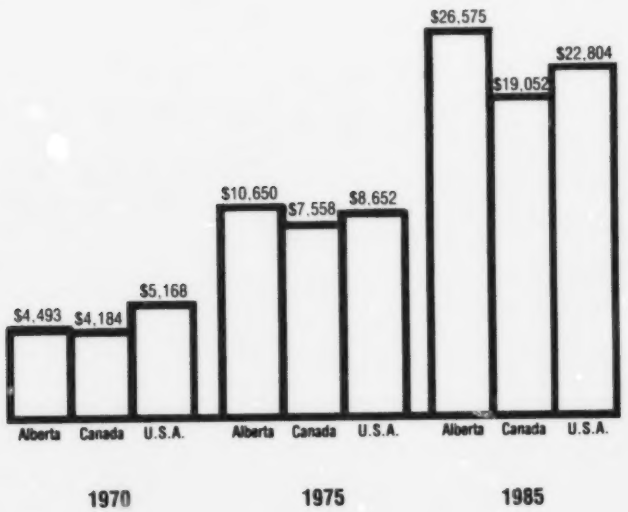
Alberta
IN THE WORLD



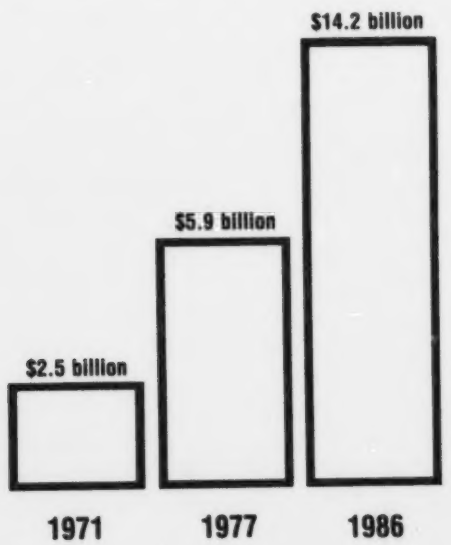
GREAT CIRCLE DISTANCES IN KILOMETRES

Produced by the Alberta Bureau of Surveying and Mapping © 1982

PER CAPITA PERSONAL INCOME
($ Canadian)



RETAIL TRADE IN ALBERTA



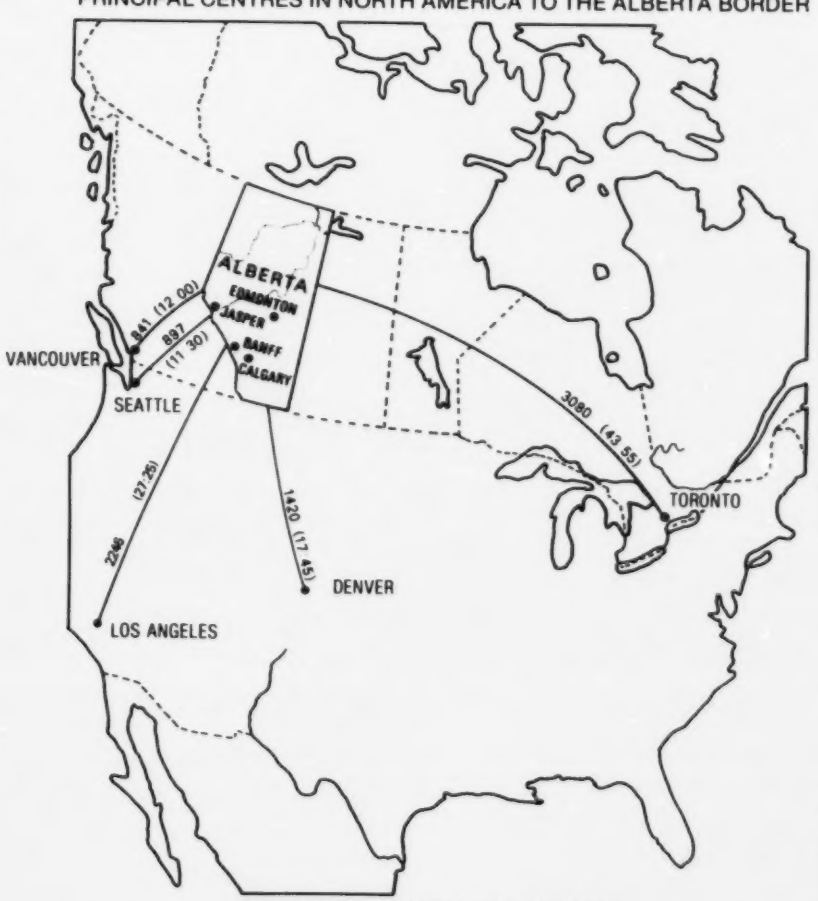
TRANSPORTATION/ COMMUNICATIONS

- Alberta has developed a world-class transportation and communications infrastructure.
- Alberta has an extensive highway and railway network which connects the province to markets throughout Canada and the United States.
- To make Alberta more competitive, the province has moved to improve both transport infrastructure and transport services. As examples, the province partially funded the Prince Rupert Grain Terminal, one of the world's largest and most technologically advanced grain-handling facilities, and established Alberta Intermodal Services as a brokerage firm which enables shippers to economically move containerized loads by rail between Alberta points and tidewater at Vancouver.
- Alberta has two international airports serviced by 6 major and a number of minor airlines. Lufthansa German Airlines, KLM, Canadian Airlines International, Air Canada, and Wardair provide direct service between Alberta and key European gateways. Our province has over 800 licensed and unlicensed airfields to serve the smaller communities.
- For tourism purposes, Alberta is encouraging improvements to what already are good quality air, rail and bus passenger links with key Canadian, U.S. and overseas markets.
- Alberta has been the North American leader in the development of Light Rail Transit systems capable of serving cities in the half-million population range. Over the past decade, Calgary and Edmonton have shown how to utilize LRT as the core of extensive urban transit systems.
- Alberta has been a leader in developing new methods of delivering bulk commodities to market, whether it be the economical movement of Alberta coal to eastern markets, or the implementation of innovative grain collection systems geared to the needs of the 1980's and beyond. The province also has implemented programs which assist firms in reducing their freight distribution costs.
- Alberta has excellent communications networks, connecting communities within the province and linking Alberta to every corner of the world.

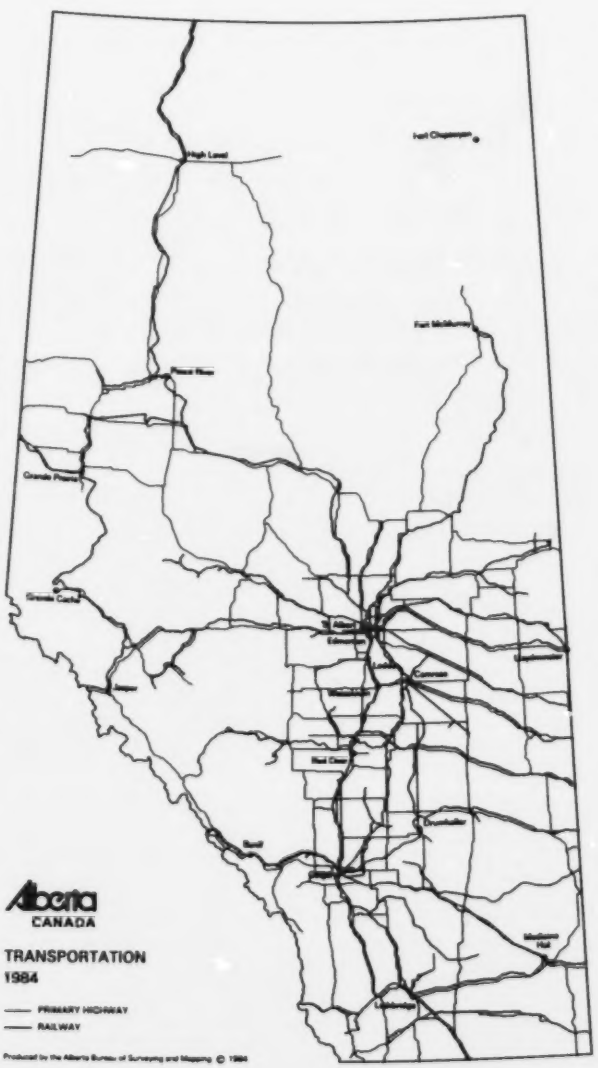
TRANSPORTATION/ COMMUNICATIONS

- Alberta Government Telephones, the principal telephone company in the province, operates the public switching network as well as specialized networks for data transmission, broadcast relay, and private networks throughout the province. The system embodies advanced digital networking and fibre optics technology. Other communications systems include a microwave network, two large teletype systems, a wire service, the largest general mobile radio communications network in North America and two cellular networks.
- As part of a sophisticated telecommunications system, Alberta offers economical access to satellite and other forms of long distance communication, allowing citizens and businesses to maintain international ties.

DISTANCES IN KILOMETRES AND AVERAGE DRIVING TIMES FROM PRINCIPAL CENTRES IN NORTH AMERICA TO THE ALBERTA BORDER



Average driving times are in brackets.



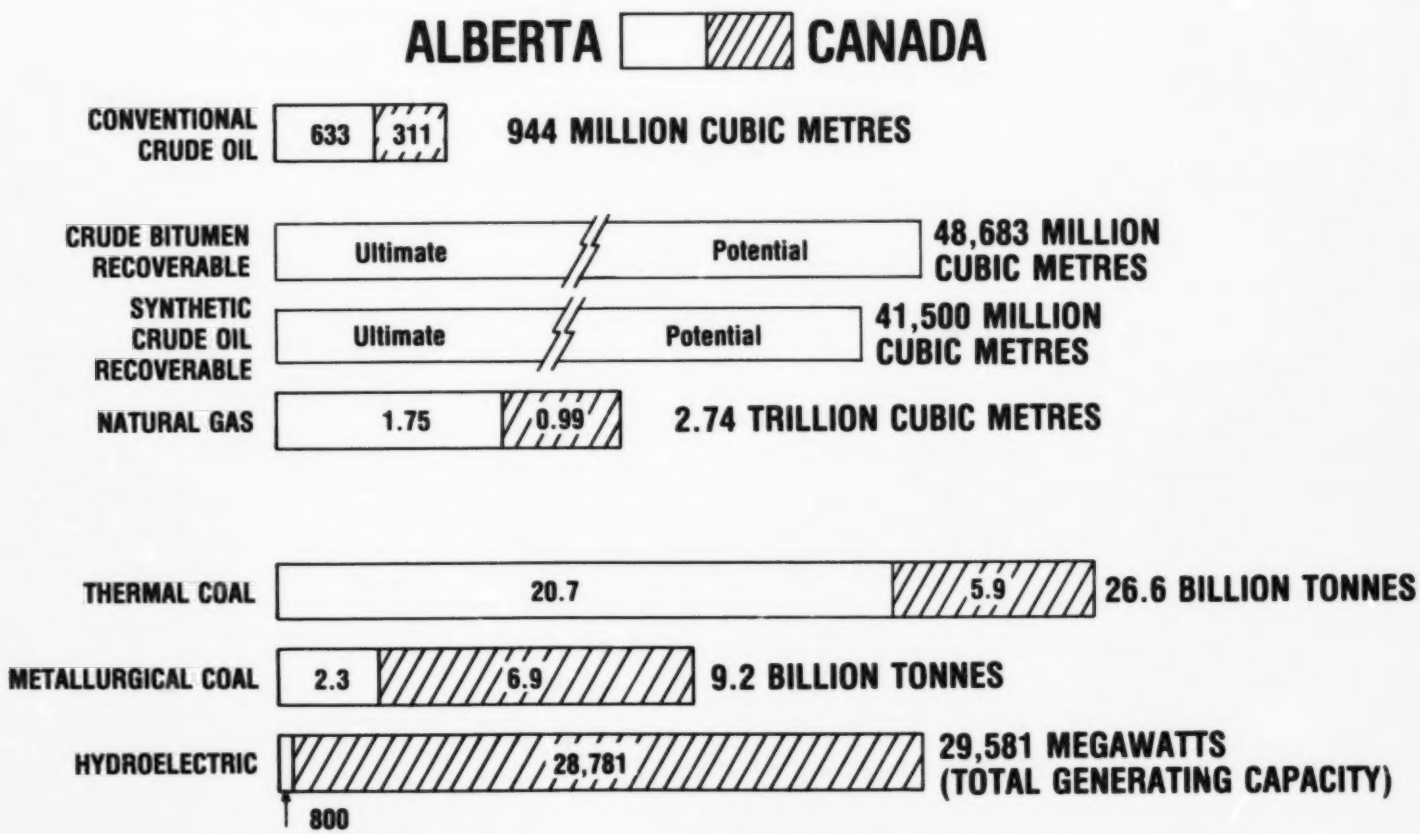
LABOUR FORCE

- Alberta has a highly educated and productive workforce. In 1986, Alberta had over 20,000 registered engineers, geophysicists, and geologists.
- Alberta's productivity per capita, as measured by Gross Domestic Product, was $23,764 in 1986, one of the highest in the country.
- In 1986, Alberta's average employed labour force participation rate of 72.1% was the highest in Canada. A young province, Alberta has a young population, with 40.4% of all Albertans under the age of 25.
- The Alberta Government is committed to the continued development of a skilled workforce that is competitive in a dynamic global economy.
- The Advanced Education System currently has 34 post-secondary institutions. This includes four universities, three technical institutes, 11 public colleges, four private colleges, four Alberta Vocational centres, the Alberta Petroleum Industry Training Centre, community vocational centres and the Banff Centre. There are also six schools of nursing affiliated with hospitals.
- Apprenticeship and certification programs cover 51 designated trades. Alberta Career Centres provide career information, vocational and educational counselling, testing and referrals for training. Immigration and Settlement services in Calgary and Edmonton facilitate entrepreneurial immigration aimed at encouraging the province's economic development.
- While strikes and lockouts during the negotiations or renegotiation of collective agreements are generally permitted, certain procedural requirements must be met before such action can be taken. Over the past decade, the number of person-days lost in Alberta due to strikes has been well below the Canadian average.

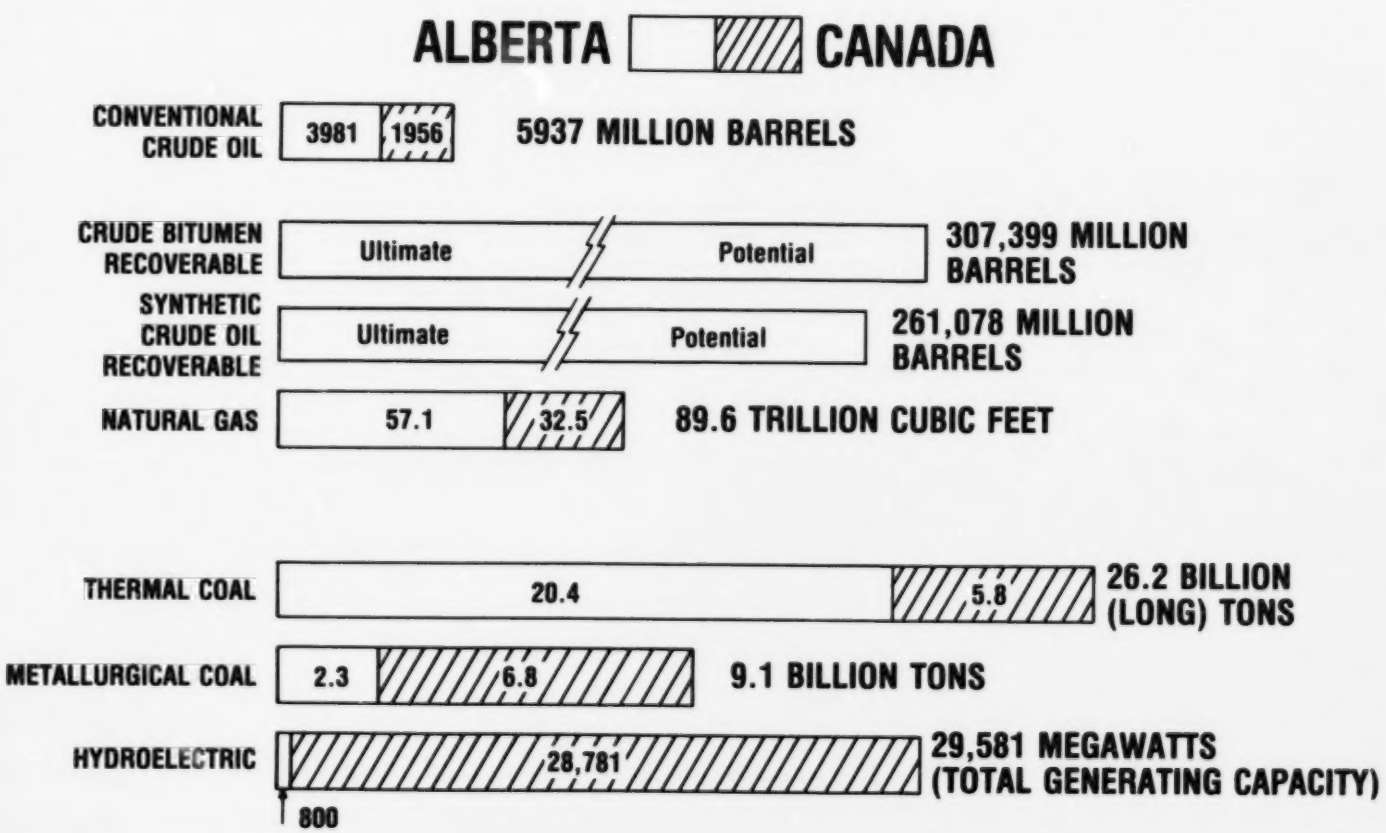
RESOURCES

- The resource industries are viewed as the building blocks upon which a strong and diversified economy can be constructed.
- Energy has made a major contribution to the diversification of the province's economy. Petroleum refining, petrochemicals, and plastics processing have grown rapidly in importance, and in the process have laid the foundation for future diversification. Alberta is a leader in exploration and production technology, and these products and services are now exported around the world. Moreover, Alberta is already a world leader in oil sands development and this, coupled with the magnitude of the resource, gives us a solid basis for economic growth and a natural focus for further technological effort. The energy sector's service and product needs have also contributed to the establishment of secondary manufacturing.
- Agriculture has diversified its primary and secondary production into new crops and products. Opportunities have arisen for processing activities in the primary processing, food product production, and agro-industrial areas. Livestock production has created a stable local market for feedgrain producers while providing the basis for a large meat processing industry in the province. Food and beverage processing in Alberta has progressed to the point where it now ranks second only to petroleum refining, with the value of shipments accounting for 25% of the total of all manufacturing.
- Forestry has contributed significantly to diversification efforts. Of particular note is the impact that technological developments are having on the structure of the Alberta forest industries. While lumber, pulp and plywood will continue to be the mainstay of timber harvesting, new products such as oriented strandboard and medium density fibreboard are now being produced, diversifying the market potential for Alberta's forest resources.

ALBERTA'S ENERGY RESERVES AT DECEMBER 31, 1986

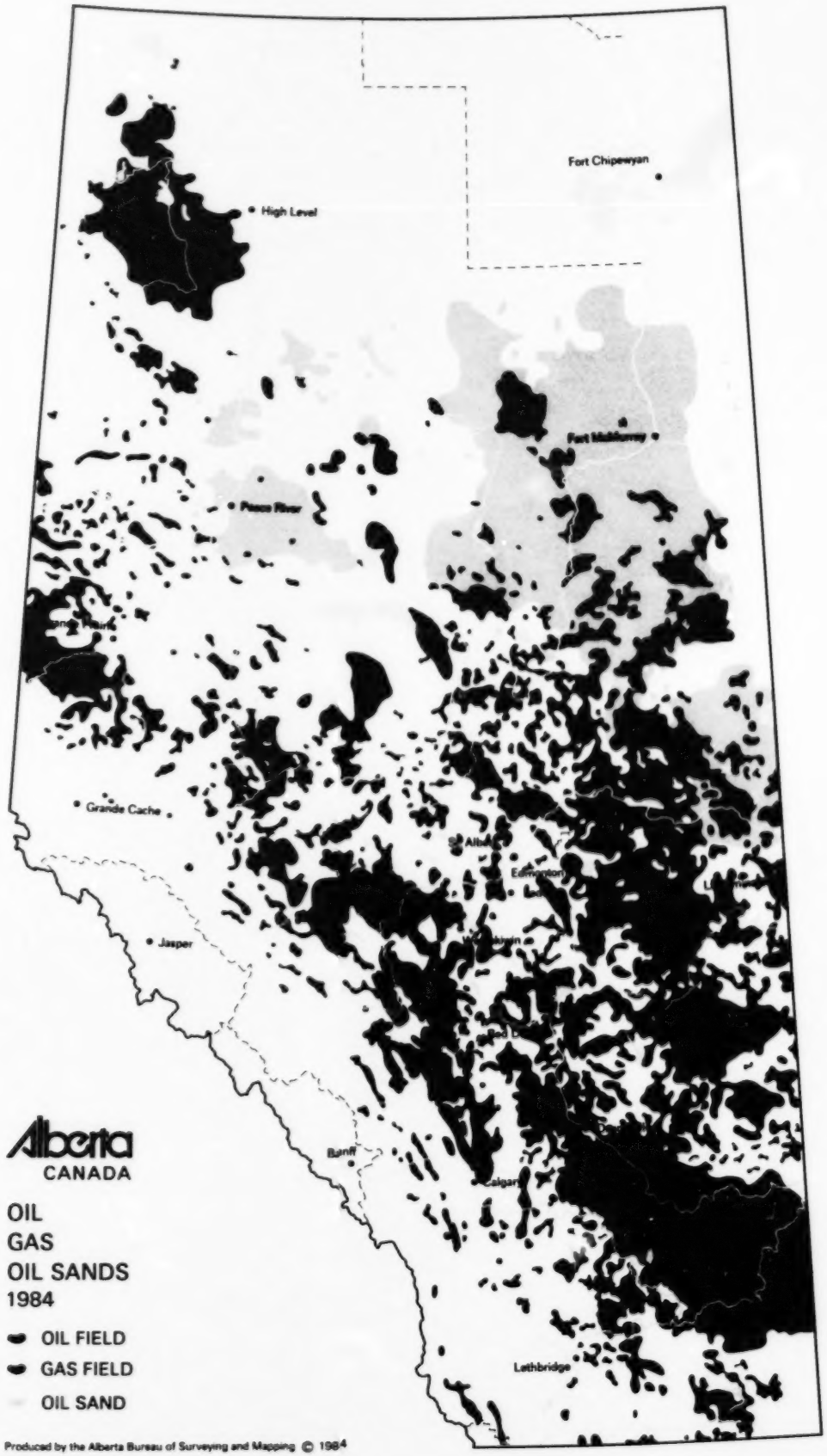


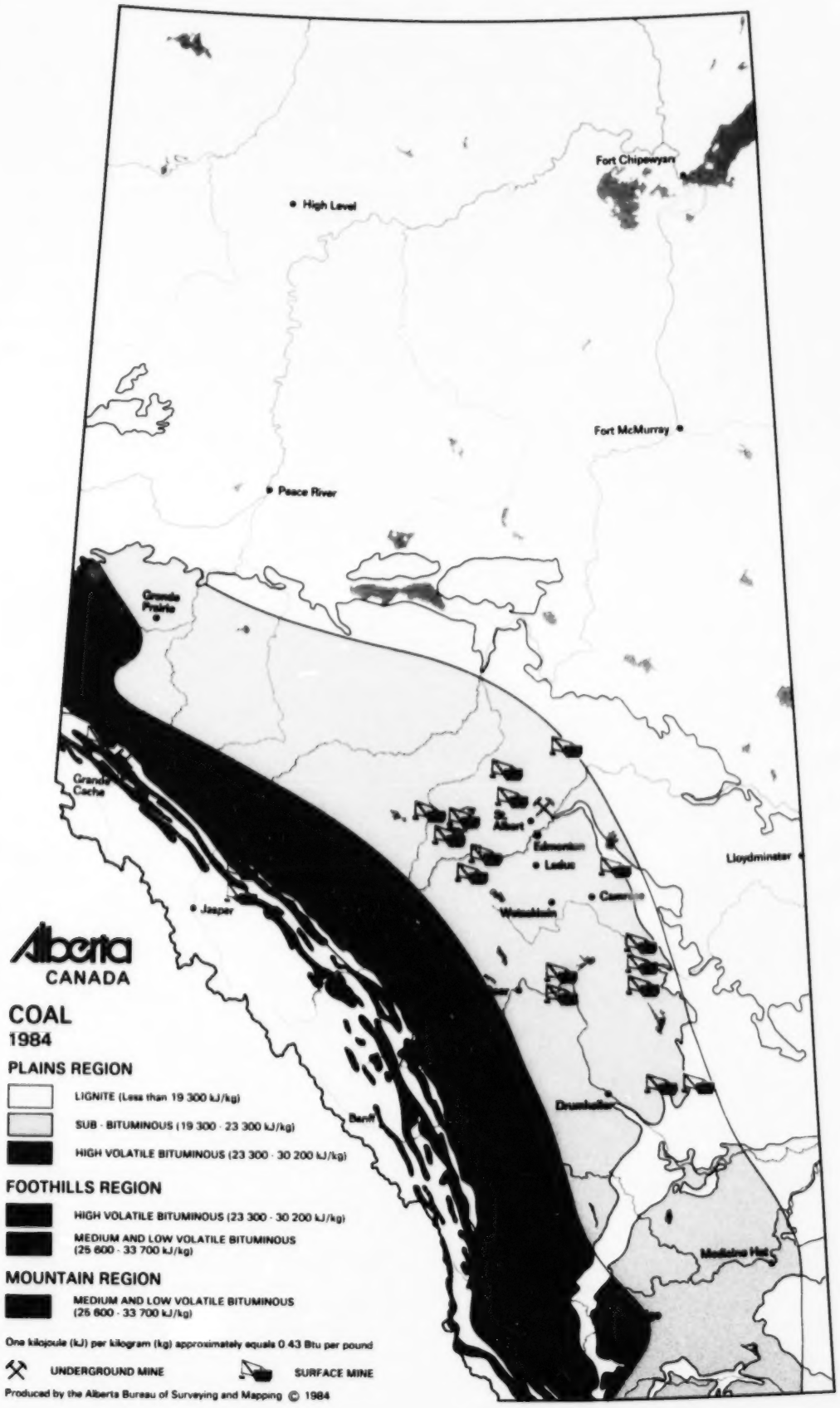
ALBERTA'S ENERGY RESERVES AT DECEMBER 31, 1986



I. Energy

- Alberta is Canada's energy province. Large reserves of oil, natural gas, coal and oil sands underlie the province, and substantial potential exists for hydroelectric generation.
- Estimates for 1986 indicate remaining established conventional crude oil and pentanes reserves of 633 million cubic metres. This represents 67% of Canada's total.
- The ultimate potential of synthetic crude oil obtainable from oil sands is estimated to be 41,500 million cubic metres.
- With 1750 million cubic metres of natural gas reserves, Alberta supplies most of Canada and large areas of the United States with this resource. Our stable supplies of reasonably priced natural gas have fostered the development of what is now a world-scale petrochemical industry producing everything from fertilizer to plastics.
- Alberta has established reserves of 2.3 billion tonnes of metallurgical coal and 20.7 billion tonnes of thermal coal.
- Thermal coal and natural gas have been the source of over 86% of our electricity generation. The established potential for hydro capacity is 5,200 gigawatt hours.


Fort Chipewyan
High Level
Fort McMurray
Peace River
Grande Cache
Jasper
Banff
Lethbridge
Alberta
CANADA
OIL
GAS
OIL SANDS
1984
OIL FIELD
GAS FIELD
OIL SAND
Produced by the Alberta Bureau of Surveying and Mapping © 1984


Fort Chipewyan
High Level
Fort McMurray
Peace River
Grande Prairie
Grande Cache
Jasper
Lloydminster
Drumheller
Medicine Hat
Alberta
CANADA
COAL
1984
PLAINS REGION
LIGNITE (Less than 19 300 kJ/kg)
SUB - BITUMINOUS (19 300 - 23 300 kJ/kg)
HIGH VOLATILE BITUMINOUS (23 300 - 30 200 kJ/kg)
FOOTHILLS REGION
HIGH VOLATILE BITUMINOUS (23 300 - 30 200 kJ/kg)
MEDIUM AND LOW VOLATILE BITUMINOUS (25 600 - 33 700 kJ/kg)
MOUNTAIN REGION
MEDIUM AND LOW VOLATILE BITUMINOUS (25 600 - 33 700 kJ/kg)
One kilojoule (kJ) per kilogram (kg) approximately equals 0 43 Btu per pound
UNDERGROUND MINE
SURFACE MINE
Produced by the Alberta Bureau of Surveying and Mapping © 1984

II. Agriculture

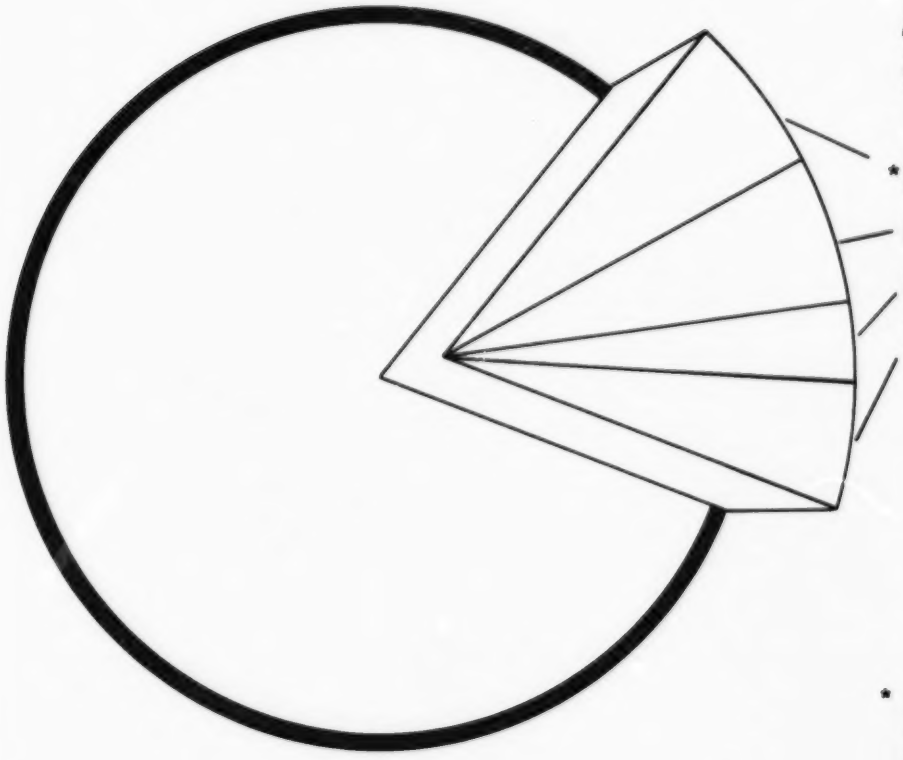
- Farming is a major industry in Alberta, accounting for more than $2 billion in foreign exports annually. Grain and grain products are sold throughout the world, while livestock and livestock products appear on markets across North America, in Europe and Asia.
- More than 20.2 million hectares (50 million acres) of rich agricultural land are devoted to crop and livestock production. As many as 8.1 million hectares (20 million acres) can be added to farmland inventory in the future. With this prime agricultural land, Alberta has developed one of the most productive agricultural economies in the world, producing 17% of the total Canadian output.
- Total crop production in Alberta has more than doubled in the 20 years, rising from 9.4 million tonnes in 1961 to more than 21 million tonnes in an average year during the 1980s. Wheat production alone exceeds 6.5 million tonnes annually, and production of new crops and different varieties of existing crops continues to expand.
- Livestock production has also grown significantly. Alberta maintains the largest livestock population of the western Canadian provinces, accounting for 48% of the cattle and calves, 41% of the hogs, and nearly 55% of the sheep and lambs. New breeds introduced during the late sixties and early seventies have increased productivity in Alberta's beef industry. In the dairy industry, per-cow production has climbed steadily, new dairy products have been added and cheese production has expanded.
- Alberta leads Canadian provinces in the production of honey. Honey production normally exceeds 10 thousand tonnes annually, and is shipped to markets around the world.
- Complex farm finance structures, increased specialization and capitalization have created individual farm businesses with investment of close to, or over, $1 million. Alberta farmers, recognizing the need for extensive knowledge of all aspects of their business, are well educated and trained to handle these complexities.

AGRICULTURE 1986

Value of Alberta's vs. Canada's Agriculture Output

Alberta's Agricultural Commodity Mix

Alberta $3.5 billion (17.3% of Canada's Agriculture output)

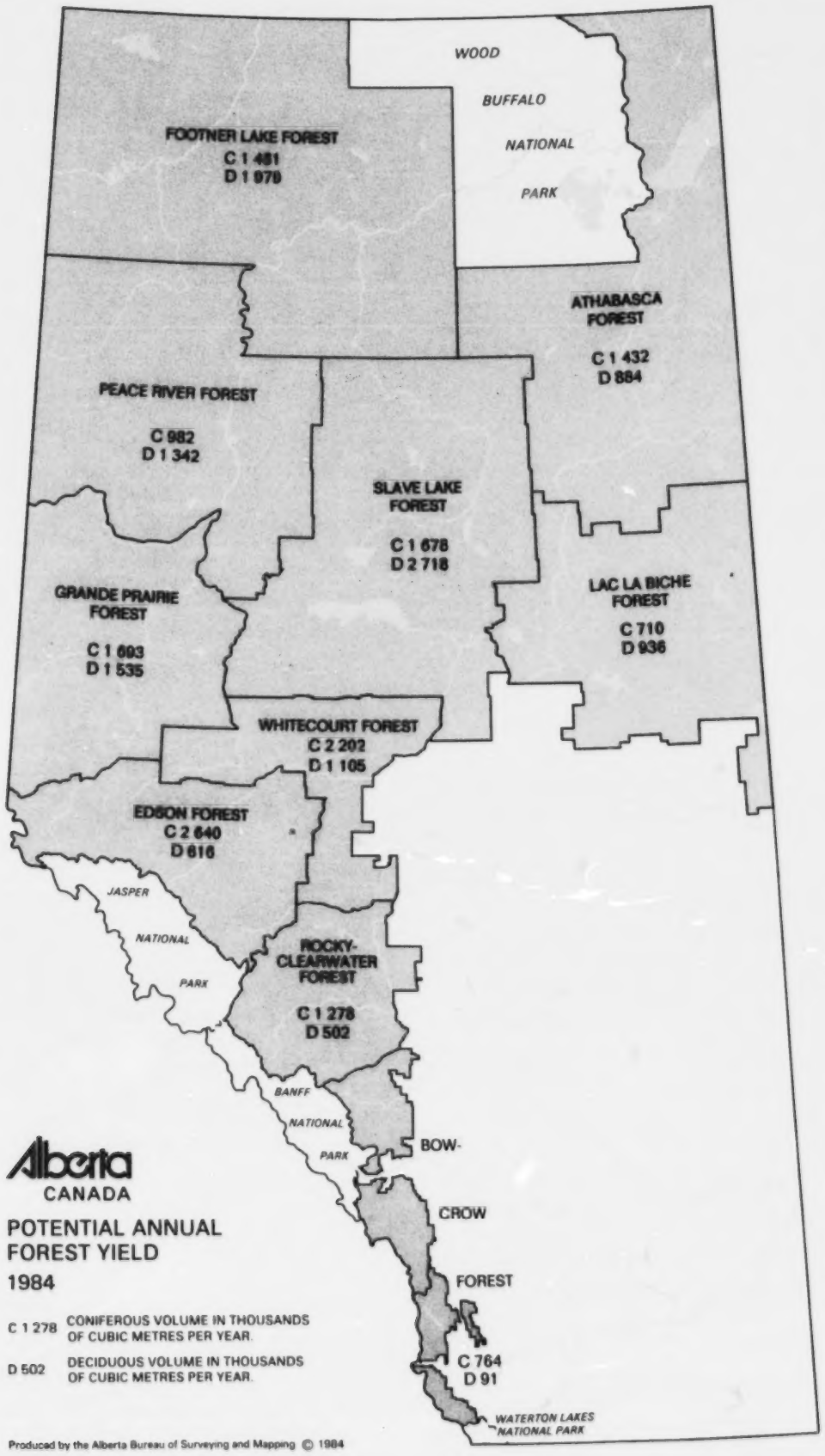


- *Other Crops 36.1%
- Cattle 31.1%
- Wheat 12.6%
- Other Livestock and products 20.2%

* Including:
Canola
Barley
Flaxseed
Oats
Rye

III. Forestry

- While Alberta is considered to be a prairie province 60% of the land (390,000 square kilometres) is covered with trees.
- These forests contain nearly 1.7 billion cubic metres of wood material. Alberta ranks fourth among Canadian provinces in terms of merchantable timber volume, and productive forest area.
- The 1980's marked a significant turning point in the forest industry with construction of Canada's first oriented strandboard and medium density fibreboard plants to process aspen (poplar). In 1990, a new mill producing 340,000 tonnes of pulp from aspen will commence operations.
- Alberta still has tremendous timber potential for future development, especially for projects utilizing the province's large stands of deciduous trees. Currently, just 8% of the allowable annual harvest of deciduous trees is being harvested and 55% of the allowable coniferous forest is being utilized.



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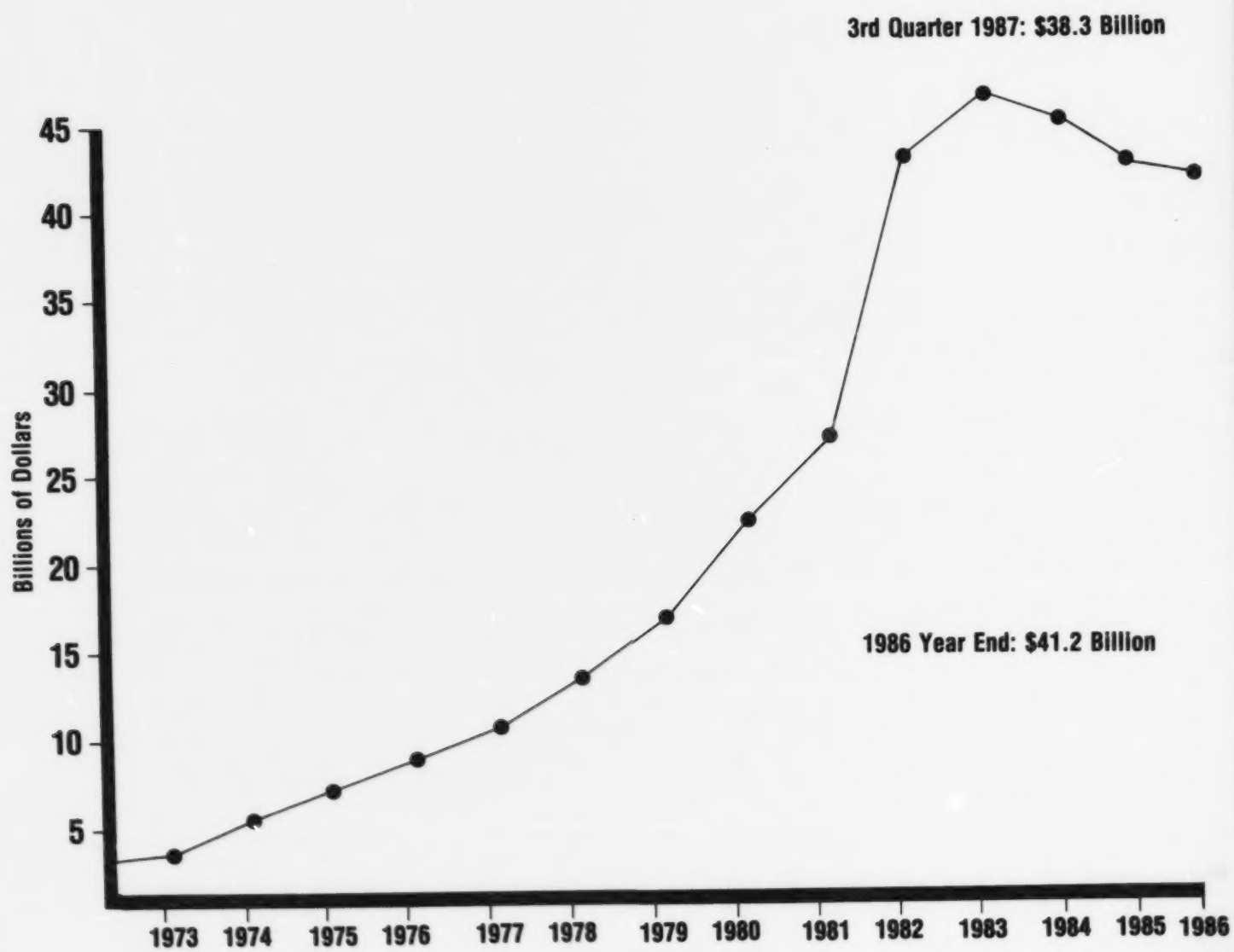
FINANCIAL SECTOR

- Alberta plays a major part in Canada's dynamic financial market. Of four stock exchanges across the country, which provide equity for business, one is in Alberta. Chartered banks are also well represented throughout the province. Over the years Alberta's share of Canada's chartered bank assets has increased to its present 8.1% level. It was $38.3 billion by the end of the third quarter of 1987.
- Many of Canada's banks are active in the international market, some rank among the largest in the world. Many foreign banks maintain offices in Alberta, including Credit Lyonnais, Credit Suisse, Barclays Bank, Chase Manhattan, and the Hong Kong Bank.

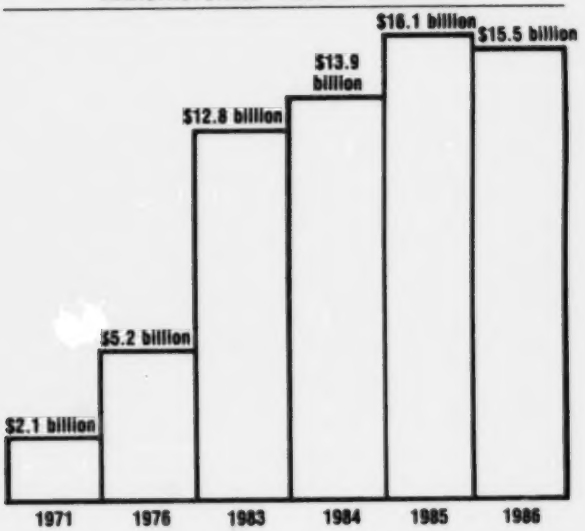
CHARTERED BANK ASSETS IN ALBERTA



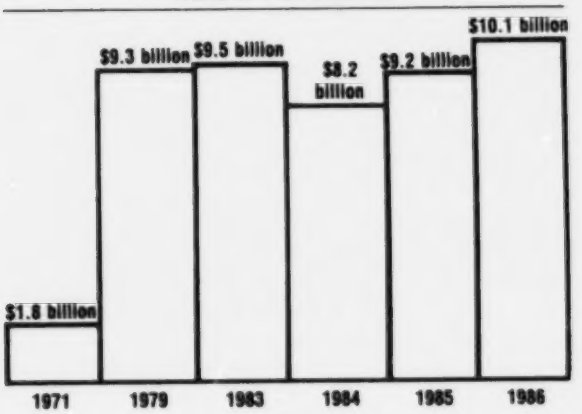
MANUFACTURING/ CONSTRUCTION

- Since 1971, the sector has had an annual average real growth rate of 6.3%. In 1986, the value of manufacturing shipments exceeded $15.5 billion. During these years, employment more than doubled.
- Because of Alberta's strong resource base, petroleum products and petrochemicals account for over 40% of the value of manufacturing shipments.
- Over the past several years, manufacturing has diversified, with the metal-based and chemical-related industries showing particular strength.
- For the future, manufacturing opportunities will range from food processing, through oilfield equipment, to high technology industries.
- Over the past decade, economic growth in Alberta has been investment led, with the construction of major commercial and industrial facilities a major contributor to the economy. In 1986 the value of construction work reached $10.1 billion, up from $1.8 billion in 1971.
- Historically construction has been split evenly between building and engineering construction. Growth has resulted from the rapid population increases and the larger resource-based industrial projects such as oil sands developments and petrochemicals.

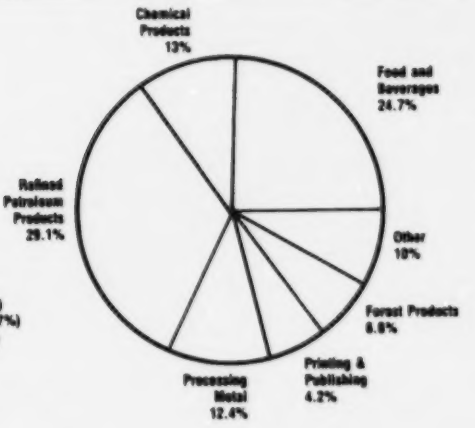
MANUFACTURING VALUE OF SHIPMENTS



VALUE OF CONSTRUCTION



COMPOSITION OF MANUFACTURING 1986



OTHER* INCLUDES:
Consumer Products (2.3%)
Non-Metallic Minerals (3.7%)
Electrical Products (1.7%)
Plastic Products (1.9%)

GOVERNMENT STRUCTURE:

- Canada's ten provinces and two territories are linked by a federal system of Government. Federal and provincial governments each have distinct, defined areas of jurisdiction. The provinces have jurisdiction over most natural resources, health, education, property, and civil rights.
- The Alberta Government, like the rest of Canada, has inherited the tradition and practices of British parliamentary democracy. The Legislative Assembly is the body which makes Alberta's laws.
- The province has a history of great political stability.

ECONOMIC DIVERSIFICATION STRATEGY

- Business Development
- Domestic and International Marketing
- Investment Promotion
- Science and Technology
- Transportation and Communications
- Education and Labour Market Development

ALBERTA'S ECONOMIC DIVERSIFICATION STRATEGY

The cornerstone of Alberta's approach to economic policy is the firm conviction that it is the private sector which makes the economy grow. Accordingly, the greatest concern has been for establishing a stable business climate which is conducive to investment and growth.

The following are key components of Alberta's economic diversification strategy:

- **Business Development.** Statistics show that 97% of all firms in Alberta have less than 100 employees and less than $2.0 million in revenues. In the last 10 years, these firms have accounted for almost all of the net employment growth in the province. Moreover, these smaller firms account for 80% of all innovations made by the business community. New business formation and the success of existing businesses is the foundation for the continued growth and diversification of Alberta's economy.
- **Domestic and International Marketing.** Diversification is supported not only through the development of new industries or commercial sectors, but also through the opening up of new markets for existing products and services. The Alberta Government is committed to increasing the number of companies exporting outside the province.
- **Investment Promotion.** Capital does more than simply generate jobs. Investment is an important vehicle in transferring technology, increasing productivity, and improving competitiveness. The role of the Alberta Government is seeking to have investment take place in the province, is to promote attractive investment opportunities and ensure that investors are aware of these opportunities. The Alberta Government is committed to ensuring that our regulatory and taxation regimes remain favourable to investors.
- **Science and Technology.** Advanced technology is fast emerging as one of the dominant factors shaping the social and economic structure of most societies, and it is now recognized by all industrial countries as representing one of the major opportunities for new economic growth. The Alberta Government is committed to enhancing industry's ability to develop and commercialize new technologies into new products, and apply these technologies to improve the productivity of existing industries.

ALBERTA'S ECONOMIC DIVERSIFICATION STRATEGY

- **Transportation and Communications.** In a highly competitive economy, businesses must have the ability to respond quickly and appropriately to market forces. Alberta is committed to a process of deregulation in the transportation sector, one which recognizes the role of the marketplace, rather than regulation, as a means of encouraging efficiency and innovation.
- **Education and Labour Market Development.** A smoothly functioning, demand responsive labour market is an essential ingredient for economic growth and diversification. The Alberta Government is committed to working closely with industry to identify current and future demand for skilled workers, and to working with businesses and industrial associations to undertake increased training initiatives to provide skills essential to their industry.

HIGH TECHNOLOGY

Alberta is developing as a major high technology centre in Canada. The government has introduced a number of significant initiatives to develop world class facilities in science and technology:

- The Alberta Research Council's major activities include industrial and engineering research, advanced technologies, applied sciences, oilsands, coal and natural resources. A major priority is to work closely with industry to provide businesses with the research capability required but not available in the private sector.
- The Alberta Oil Sands Technology and Research Authority (AOSTRA) was established in 1975, to fund pure and applied research on bitumen and heavy oil recovery and processing. Up to March 31, 1985, $344 million has been committed, mostly with private companies.
- The Conventional Oil Enhanced Recovery Program was started in 1980 and is administered by AOSTRA. Most of the funds committed ($75 million to March 1, 1985) are spent in the private sector.
- The Alberta/Canada Energy Resources Research Fund was created in 1976 with $96 million committed to this fund, which is directed to energy related research projects. Its current focus is on coal research.
- The Alberta Office of Coal Research and Technology was established within the Department of Energy in 1984 to provide a focus to government funding of applied research and development related to achieving the economic potential of Alberta's coal resources. The majority of funding requirements is provided by the Alberta/Canada Energy Resources Research Fund.
- The Alberta Environment Research Trust was established in 1971. From 1971 until December 31, 1986, the trust funded $5,383,000 in applied and fundamental R & D in environment improvement. In total, during this period, 245 projects were funded in the university and private sectors.
- The $50 million Alberta Environmental Centre was opened in 1981. Its programs include research and development in pest management, water/wastewater management, environmental toxicology, living natural resources, waste management and land resources management. Analytical, diagnostic, extension and technical services are also provided. The Centre's annual budget is approximately $14 million.

- The Alberta Microelectronic Centre at the University of Alberta was created in 1982 under a federal government grant to encourage the application of microelectronics to industry. In 1985, the Centre was expanded to Calgary and became engaged in the design and fabrication of custom electronic chips. To assist this expansion the Alberta Government will contribute $13 million over three years to the Centre. Its facilities will be available to companies on a contract basis.
- The Product Development Program is designed to assist Alberta manufacturers who want to improve the design and quality of their existing products or develop new and innovative products. The program is sponsored by Alberta Economic Development and Trade.
- The Centre for Frontier Engineering Research (C-FER) was created in 1984 at the University of Alberta as a joint venture with the private sector and the Devonian Foundation, to study cold weather effects on steel. C-FER's research programs in offshore structures and downhole tubular systems have been designed to foster the safe and economical development of Canada's petroleum resources in the Arctic and Alberta.
- The Electronics Test Centre was created by the Alberta Research Council in 1985 at a cost of $10 million, to undertake testing and certification of electronic products under contract.
- Financial support ($10 million over five years) was provided to the University of Calgary for the installment of a Cyber 205 Supercomputer. This machine has been available since early 1985 for contract work to industry.
- The Alberta Telecommunications Research Centre was created in 1985 as a joint venture between Bell-Northern Research ($3.5 million), the University of Alberta ($1 million) and the Alberta Government ($3.57 million). Funding is provided over a five year period for telecommunications research, including fibre optics.
- The Electronic Industry Information System was created in 1985 and the government has contributed $1.5 million to its development and operation. This computerized system began operating in the fall of 1986. Alberta manufacturers can access the most up-to-date technical and design information available on a fee-for-service-basis.

- The Alberta LASER Institute was created at the University of Alberta with the government financial support amounting to $5 million over five years. The Institute assists industry with the development and use of laser systems to provide more cost efficient production technology. Areas of research emphasized include automated manufacturing and robotics, materials handling and manipulation, and microelectronics chip contracts with industry to assist in the transfer of new technology.
- The Farming for the Future Program was established in 1978 to improve net farm income and the long-term viability of Alberta's agricultural sector. Current expenditures are around $5 million annually.
- Over $850,000 is spent yearly under the Crop Research Program carried out at the Field Crops Branch of Alberta Agriculture in Lacombe.
- The Food Processing Development Centre at Leduc was opened in 1984 at a cost of $8.5 million. This laboratory assists food processors to develop new products and processes. Services are provided free of charge; however, clients are billed for extended usage of equipment and material.
- A ten year $20 million program was initiated in 1981 to implement a Provincial Digital Base Mapping System to support resource management, and planning and development. Approximately 30% of the program has now been completed. Expenditures to date total $9 million.
- The Forests Products and Forest Industrial Development Program was created in 1982 to promote and support R & D and the efficient use of Alberta's existing and potential forest resources. It is also intended to encourage development of Alberta based scientific and technical expertise in forest products. This program has an annual budget of $2 million (50% provincially) and currently emphasizes hardwood related research and development but not at the expense of softwood products and market research.
- Alta-Can Telecom Inc. was set up in 1982 as a wholly owned subsidiary of Alberta Government Telephones, to promote research and development in telecommunications leading to new product commercialization.

- SPURT Investment Fund 1 is a $3 million venture capital fund designed to make equity investments in "seed and early-stage technology enterprises". Formed in October 1985, SPURT 1 is a limited partnership of nine Alberta investors and one Ontario investor. The managing and general partner of the fund is Alta-Can Telecom Inc.
- The Edmonton Research and Development Park Authority received a $5 million interest free (for ten years) loan by the government in 1980 to enable the Authority to service the 65 hectare Edmonton R & D Park.

GOVERNMENT PROGRAMS AND SERVICES TO BUSINESS:

- Most important is the continued maintenance of a healthy business climate. Together with our markets, workforce, resources, and Government-supported infrastructure, this is one of Alberta's strongest selling points.
- A number of government agencies, both Federal and Provincial, are equipped to gather, analyze and disseminate information for the purpose of furthering the industrial development of the province.
- Several agencies are prepared to give assistance — both financial and practical, in selecting industrial sites, starting or expanding production, developing markets, supplying technical information, developing products or production processes, and in industrial design. Some specific examples:
  - Alberta Economic Development and Trade
  - Alberta Opportunity Company
  - Alberta Research Council
  - Alberta Energy
  - Alberta Agriculture
  - Alberta Forestry, Lands and Wildlife
  - Alberta Technology, Research and Telecommunications
  - Alberta Tourism
  - Western Diversification Office
  - Federal Business Development Bank

INVESTMENT IN ALBERTA

- Alberta's economy might best be described as investment-led. Sixteen billion dollars were invested in 1986, up from $2.7 billion in 1971. Foreign investment has always been an important component of this total.
- Alberta has traditionally welcomed and encouraged foreign investment and has actively opposed arbitrary federal restrictions impeding its flow into Canada.
- Since 1984, Canada's regulations regarding foreign investment have been greatly liberalized. In 1985, the Foreign Investment Review Agency (FIRA) was abolished, and was replaced by Investment Canada. This new agency emphasizes encouraging investment in Canada.
- Until June 1985, all foreign investment proposals, whether acquisitions or new business establishments were subject to a federal review process. Now only about 25% of applications are formally reviewed and, to date, none have been rejected.
- The establishment of a new business by a foreign investor is no longer reviewed. The only requirement is that the investor notify Investment Canada of the investment within 30 days of implementation.
- Acquisitions of small Canadian businesses are also not reviewed. The current review threshold is $5 million for direct acquisitions and $50 million for indirect acquisitions. The Canada/U.S. Free Trade Agreement would provide for the eventual increase in the threshold for direct acquisitions to $150 million and the phasing out of review of indirect acquisitions. However, these provisions of the Free Trade Agreement will not apply to U.S. investment in the oil and gas sector.
- The only exceptions to the above are investments which fall in culturally sensitive sectors. These Include:
  - book, magazines, periodicals or newspapers;
  - film or video products;
  - audio or video music recordings; and
  - music in print or machine readable form.
- Investments in the above sectors will only be reviewed if the Governor in Council deems it is related to Canada's cultural heritage or national identity.

LIFESTYLE IN ALBERTA

- The economy is not, however, the only reason that people from all over the world have chosen to live in Alberta.
- Alberta is the mountains — for climbing, for skiing. It is unspoiled northern wilderness for camping, fishing, hunting, and hiking. It is the southern badlands, a picturesque near-desert that contains one of the world's richest deposits of dinosaur fossils, and it is lakes and rivers to accommodate all types of water sports.
- Alberta is also dynamic cities which offer the full range of urban entertainment. Choose from 12 professional theatre companies, a mime troupe, 5 professional dance and 2 professional opera companies as well as 2 professional symphony orchestras, numerous galleries and 3 major museums.
- For sports fans, Alberta offers professional hockey, football, soccer and baseball as well as international events such as the 1988 Winter Olympics.
- Most important, Alberta is communities, and peaceful neighbourhoods where a family can grow.

STATISTICAL INFORMATION SOURCES

- Alberta Department of Labour.
- Alberta Statistical Review, Alberta Bureau of Statistics.
- Statistics Canada.
- Alberta Economic Accounts, Alberta Bureau of Statistics.
- Association of Professional Engineers, Geologists and Geophysicists of Alberta.
- Energy Resources Conservation Board.

STATISTICAL OVERVIEW

■ ALBERTA FACTS

POPULATION

	Alberta	Canada	Alberta as % of Canada
1976	1,838,000	22,993,000	8.0
1986	2,385,000	26,675,000	9.0

AREA ..... 661,188 km^2

■ GROSS DOMESTIC PRODUCT (GDP)

GDP ($ million)

	Alberta	Canada	Alberta Share of Canadian Total (%)
1975	18,565	168,010	11.1
1986	56,439	509,898	11.1

Per Capita GDP

	Alberta	Canada
1975	10,493	7,402
1986	23,764	20,112

1986 GDP by Industry Sector (%)

Energy	16.8	Manufacturing	7.7
Services	18.5	Public Administration	6.0
Finance	21.7	Construction	4.9
Retail and Wholesale	9.0	Agriculture & Forestry*	4.4
Transportation & Communications	7.2	Utilities	3.7

* Includes only logging and services incidental to forestry. Excludes sawmills and pulp mills which are included in manufacturing.

SOURCE: Alberta Bureau of Statistics – Economic Accounts, 1986 Conference Board of Canada

■ PERSONAL INCOME

	Alberta	Canada
Personal Income – 1986 ($ millions)	42,219	432,511
Per Capita Personal Income – 1986	17,776	16,905

■ PRIVATE AND PUBLIC INVESTMENT

Investment ($ millions)

	Alberta	Canada	Alberta %
1976	8,254	55,412	14.9
1986	16,164	115,341	14.0

Alberta Investment by Industry – 1986

Industry	$ millions	%
Primary Industrial & Construction	5,924	36.7
Manufacturing	1,044	6.5
Transportation, Communication & Other Utilities	2,539	15.7
Trade, Financial & Commercial Services	2,259	14.0
Institutions and Government	2,632	16.3
Housing	1,745	10.8
Total	16,142	100.0

Alberta Per Capital Investment – 1986: $6,767
Chartered Bank Assets in Alberta, Third Quarter 1986: $41.9 billion

INFLATION

Consumer Price Index (1981 = 100)

	Edmonton	Annual % Increase	Calgary	Annual % Increase	Canada	Annual % Increase
1982	110.8	10.8	112.0	12.0	110.8	10.8
1983	117.2	5.8	117.1	3.8	117.2	5.8
1984	120.4	2.7	120.0	2.5	122.3	4.4
1985	124.2	3.1	123.5	2.9	127.2	4.0
1986	128.3	3.3	127.8	3.5	132.4	4.1

TAXATION

Major Provincial Tax Rates[a]

	Personal Income Tax			Retail Sales Tax	Gasoline Tax	Tobacco Tax	Health Care Premiums		Corporate Income Tax		Capital Tax	Payroll Tax	Insurance Premiums Tax[d]
	Basic Rate	High Income Surtax	Flat Rate Tax				Individual	Family	Small Business Rate[b]	General Rate[c]			
	(%)	(%)	(%)	(%)	(¢ litre)	($ pack of 25)	($)	($)	(%)	(%)	(%)	(%)	(%)
British Columbia	51.5	—	—	6	7.1	.97	216	456	11	15	0.2	—	2 3
Alberta	46.5	8.0	1.0	—	5.0	1.00	216	432	0 5	9 15	—	—	2 3
Saskatchewan	50.0	12.0	1.0	5	—	1.02	—	—	0 10	17	0.5	—	2 3
Manitoba	54.0	20.0	—	6	8.9	1.03	—	—	10	17	0.3	1.50	2 3
Ontario	50.0	3.0	—	7	8.30	.71	357	714	0 10	14.5 15.5	0.3	—	2 3
Quebec	70-85	—	—	9	13.6	1.13	—	—	0 3.22	5.9 13.9	0.48	3.22	2 3
New Brunswick	58.0	—	—	11	7.7	1.03	—	—	5 9	15	—	—	2 3
Prince Edward Island	55.0	—	—	10	9.0	.88	—	—	10	15	—	—	2
Nova Scotia	56.5	—	—	10	8.9	.88	—	—	0 10	15	0	—	2 3
Newfoundland	60.0	—	—	12	9.8	1.19	—	—	10	16	0	—	3

MANUFACTURING

Value of Manufacturing Shipments by Industry

	1986 ($ Millions)
Food & Beverages	3,827.4
Furniture & Fixtures	103.1
Wood	574.6
Paper & Allied Products	455.3
Printing & Publishing	647.7
Primary Metal	642.9
Fabricated Metal Products	713.4
Machinery Industries	560.8
Non-Metallic Mineral Products	566.7
Petroleum & Coal Products	4,514.2
Chemical & Chemical Products	2,009.1
Miscellaneous Manufacturing	857.9
TOTAL	$15,473.1

Value of Mineral Production – 1986

	($ Millions)	(%)
Crude Petroleum	7,970	45.6
Natural Gas	6,106	35.0
Natural Gas By-Products	1,762	10.1
Coal	438	2.5
Sulphur	874	5.0
Sand and Gravel	108	0.6
Cement	125	0.7
Other	80	0.5
TOTAL	17,463	100.0

■ LABOUR FORCE – 1986 (Not Seasonally Adjusted)

Labour Force:	1,271,000	Participation Rate:	72.1%
Employed:	1,146,000		
Unemployed:	125,000		
Unemployment Rate:	9.8%		

Union Membership – 1986

	Alberta	Canada
Labour Force	1,271,000	12,870,000
Union Membership	286,986	3,730,000
% Labour Force Unionized	22.5	28.9

Work Stoppages – 1986

	Alberta	Canada
Person Days Worked ('000)	162,701	1,736,717
Person Days Lost Due to Work Stoppages	214,290	4,392,330
Person Days Lost/ 10,000 Worked	13.2	25.3

■ AGRICULTURE

Farm Cash Receipts

	1986 ($ Millions)
Total Crops	1,726.9
Wheat	447.3
Barley	301.3
Canola	266.0
Other Crops	712.3
Total Livestock & Products	1,764.3
Cattle & Calves	1,103.0
Hogs	271.6
Sheep & Lambs	6.7
Dairy Products	223.8
Poultry	85.5
Eggs	46.8
Other Livestock & Products	26.9
TOTAL	3,491.2

■ INTERNATIONAL TRADE

Alberta Merchandise Exports – 1986

	$ Million
United States	7,601.5
Japan	702.7
U.S.S.R.	413.8
South Korea	200.8
Brazil	148.9
People's Republic of China	140.0
Morocco	136.1
Taiwan	121.8
Australia	81.2
India	64.5
United Kingdom	60.9
Cuba	60.0
Tunisia	57.0
All Other Countries	796.3
TOTAL (All Countries)	10,585.6

Major Merchandise Export – 1986 ($ Million)

Commodity	Value	% of Total
Crude Petroleum	2,875	27.4
Natural Gas	2,277	21.5
Sulphur	893	8.4
Wheat	598	5.5
Petroleum Products (Propane, Butane, Gasoline)	550	5.3
Petrochemicals	468	4.5
Coal and Crude Bitumen	326	3.1
Barley	248	2.4
Wood Pulp	225	2.1
Synthetic Rubber and Plastic	215	2.0
Fertilizer and Fertilizer Materials	202	1.9
Meat Products	175	1.6
Canola	166	1.6
Industrial and Agricultural Machinery	141	1.3
Lumber	126	1.2
Cattle and Swine (Live)	113	1.1
Inorganic Chemicals	89	1.0
Oils, Fats, Waxes, Extracts and Derivatives	87	1.0
Other Exports	736	7.6
TOTAL	10,586	100.0